



ASX Announcement

24 September 2009

Kontiki-1 Exploration Well in WA-314-P

Progress Report No 10

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, Kontiki-1 was drilling ahead at 4490 mRT in 6" hole. Since the last report, 7" intermediate liner was run and cemented at 4168 mRT.

The well is drilling in the Plover Formation. To date the well has penetrated approximately a gross 40m of interbedded sands with complex lithologies over an interval of approximately 460m. The currently available, incomplete and lower resolution petrophysical logging data is inadequate to fully assess the potential hydrocarbon content of these sands. Additional data will be assessed over the coming days.

The well will continue drilling to its planned TD at approximately 4600 mRT.

The Transocean Legend semi-submersible rig is drilling the exploration well, which is operated by ConocoPhillips.

Kontiki-1 is the second well in a multi-well drilling program in the Browse Basin permits WA-314-P, WA-315-P and WA-398-P.

The Kontiki-1 well is located in WA-314-P, approximately 490km North of Broome, Western Australia. Kontiki -1, with a planned total depth of 4610 mRT is targeting potential hydrocarbons in the Middle and Upper Jurassic sandstones.

As with the recent gas discovery well, Poseidon-1, even if successful, Kontiki-1 is planned to be plugged and abandoned following final well evaluation and production testing if applicable.

Equity interests of the participants post farm-out in WA-314-P and WA-315-P are:

Karooon Gas Australia Ltd	49%
ConocoPhillips (Browse Basin) Pty Ltd	51%

Equity interests of the participants in WA-398-P are:

Karooon Gas Australia Ltd	40%
ConocoPhillips (Browse Basin) Pty Ltd	60%

Kontiki-1 Location:

Latitude: 13 deg 24' 44.02" S	Northing: 8 517 117 mN
Longitude: 122 deg 08' 46.82" E	Easting: 407 580 mE

Note: mRT = m rotary table (datum for drill depth measurement) = mTVDSS+25m

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